

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKETING DEPARTMENT

NOTICE OF FILING AND HEARING

DOCKET NO. 2009-489-E

SOUTH CAROLINA ELECTRIC & GAS COMPANY – APPLICATION FOR INCREASE IN RATES AND CHARGES

On January 15, 2010, South Carolina Electric & Gas Company (“SCE&G” or “Company”) filed an application with the Public Service Commission of South Carolina (“Commission”) requesting authority to adjust and increase its retail electric rates, charges, and tariffs. The Application was filed pursuant to S.C. Code Ann. Sections 58-27-820 and 58-27-870 (1976, as amended) and 26 S.C. Code Ann. Regs. 103-823 (1976, as amended).

SCE&G states in its Application that it has made significant investments to comply with increasingly stringent environmental and safety laws and regulations promulgated by the Federal government and to continue to provide reliable electric service to its customers. The Application states that SCE&G has recently invested approximately \$708.5 million in environmental and safety related projects which are not currently reflected in rates. These investments include (i) new flue gas desulphurization facilities at the Williams Station, located at Bushy Park, South Carolina, and the Wateree Station in Richland County, South Carolina to reduce sulfur dioxide emissions; (ii) a selective catalytic reactor at Cope Station in Orangeburg County, South Carolina to reduce nitrogen oxide emissions; (iii) the completion of construction of a back-up dam at the site of the Saluda Hydro Project at Lake Murray in Lexington County, South Carolina; and (iv) other environmental projects. The Application states that the Company was able to defray approximately \$254.4 million of the \$328.6 million in its system construction costs for the Saluda back-up dam using synthetic fuel tax credits. Thus, the net unrecovered capital cost to SCE&G’s electric system of this \$328.6 million improvement in the safety of its facilities is approximately \$74.2 million. The Application also states that SCE&G has experienced increased costs in continuing to provide safe and reliable service to its customers. The Application further states that, despite the Company’s measures to hold down operation and maintenance expenses, to improve efficiencies and constant efforts to lower and control costs, the current rates and charges are not sufficient to allow the Company a reasonable opportunity to earn an adequate rate of return on its investment.

SCE&G requests that the proposed increases be approved but implementation of the increases be delayed in part and implemented in three stages. The initial phase would be effective July 15, 2010 and represent an incremental rate increase of approximately 3.19% compared to current rates. The second phase would be effective January 1, 2011 and represent an incremental rate increase of 3.06% compared to current rates. The final phase would implement the remainder of the total rate increase, effective July 1, 2011, and would represent an incremental rate increase of 3.27% compared to current rates. The proposed rates and charges represent a total increase of approximately 9.52%.

A copy of the Company’s complete Application, as well as the proposed rates, charges and tariffs may be obtained from the Commission at the following address: Public Service Commission of South Carolina, Docketing Department, 101 Executive Center Drive, Columbia, South Carolina 29210. Additionally, the Application is available on the Commission’s website at www.psc.sc.gov and is available from the corporate office of South Carolina Electric & Gas Company at MC C222, 220 Operation Way, Cayce, South Carolina, 29033.

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In order for testimony and evidence to be received from all interested parties, a public hearing will be held in the Commission's Hearing Room, Synergy Business Park, Saluda Building, 101 Executive Center Drive, Columbia, South Carolina 29210 **beginning on Monday, May 24, 2010, at 10:30 a.m. and continuing through Thursday, May 27, 2010, if necessary.**

Any person who wishes to participate in this matter, as a party of record with the right of cross-examination should file a Petition to Intervene in accordance with the Commission's Rules of Practice and Procedure on or before **March 1, 2010**, and indicate the amount of time required for his presentation. Please include an email address for receipt of future Commission correspondence in the Petition to Intervene. ***Please refer to Docket No. 2009-489-E and mail a copy to all other parties listed for this docket. The list of other parties may be found by conducting a "docket search" on the Commission's website at www.psc.sc.gov.***

Any person who wishes to testify and present evidence at the hearing should notify the Docketing Department, in writing, at the address below; the South Carolina Office of Regulatory Staff, 1401 Main Street, Suite 900, Columbia, South Carolina 29201; and K. Chad Burgess, Assistant General Counsel, South Carolina Electric & Gas Company, Mail Code C222, 220 Operation Way, Cayce, South Carolina, 29033, on or before **March 1, 2010**, and indicate the amount of time required for his presentation. ***Please refer to Docket No. 2009-489-E.***

Any person who wishes to request that the Commission hold a public hearing in his or her county of residence in order to hear comments from the utility's customers should notify in writing, the Docketing Department at the address below, the South Carolina Office of Regulatory Staff, at 1401 Main Street, Suite 900, Columbia, South Carolina 29201 and K. Chad Burgess, Assistant General Counsel, South Carolina Electric & Gas Company, Mail Code C222, 220 Operation Way, Cayce, South Carolina, 29033 **on or before March 1, 2010. Please refer to Docket No. 2009-489-E.**

Any person who wishes to be notified of the hearing, but does not wish to present testimony or be a party of record, may do so by notifying the Docketing Department, in writing, at the address below on or before **March 1, 2010. Please refer to Docket No. 2009-489-E.**

PLEASE TAKE NOTICE: Any person who wishes to have his or her comments considered as part of the official record of the proceeding **MUST** present such comments, in person, to the Commission during the hearing.

Persons seeking information about the Commission's Rules of Practice and Procedure should contact the Commission in Columbia at 803-896-5100.

Public Service Commission of South Carolina
Attn: Docketing Department
Post Office Drawer 11649
Columbia, SC 29211